



Administrative Policy  
**COMPETITIVE SEALED BIDS**

AP No.	5-9
Effective Date:	Upon Approval

**1. POLICY STATEMENT**

The City of Houston (City) will ensure a fair, open, and transparent process when using competitive sealed bids for the purchase of goods and services.

**2. POLICY PURPOSE**

2.1. To describe situations in which a competitive procurement is required when making purchases greater than \$50,000 or other amount set by law.

2.2. To apply best practices when conducting City procurements and making purchases.

**3. SCOPE**

This policy applies to all City departments and personnel involved in procurement and purchasing.

**4. DEFINITIONS**

**Best Value Bid:** The process of inviting and obtaining bids from competing sources in response to advertised competitive specifications by which an award is made to the bidder who offers the best value to the City, based on criteria set forth in the invitation to bid.

**Chief Procurement Officer (CPO):** The Chief Procurement Officer for the City of Houston or designee.

**Competitive Sealed Bid:** The process of inviting and obtaining bids from competing sources in response to advertised competitive specifications, by which an award is made to the lowest responsible and responsive bidder.

**Invitation to Bid (ITB):** The solicitation document used to obtain bids.

**Responsible Bidder:** A contractor, business entity, or individual that is fully capable to meet all of the requirements of the ITB and subsequent contract. A responsible bidder must possess the full capability, including financial and technical, to perform as contractually required. A responsible bidder must be able to fully document the ability to provide good faith performance.

**Responsive Bid:** A bid that fully conforms in all material respects to the ITB and all of its requirements, including all form and substance.

**Reverse Auction:** As defined in Section 15-42 of the City of Houston Code of Ordinances.

**5. POLICY DETAILS**

5.1. Competitive Sealed Bids

Approved:

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Date Approved:

3/4/2016

Page 1 of 5

- 5.1.1. ITBs shall be published as described in AP 5-7.
- 5.1.2. Communications with prospective vendors:
  - 5.1.2.1. Questions regarding the ITB shall be directed to the CPO or other designated contact identified in the ITB. Questions regarding compliance with programs under the purview of the Office of Business Opportunity (OBO) shall be referred to OBO.
  - 5.1.2.2. When prospective bidders submit questions to the designated contact person for the ITB, the response shall be disseminated to all bidders at the same time.
- 5.1.3. Pre-Bid Conference
  - 5.1.3.1. A pre-bid conference may be held to answer questions about the ITB's specifications and requirements.
  - 5.1.3.2. Attendance at pre-bid conferences shall be voluntary for prospective bidders. A record of the questions and answers discussed at the conference shall be disseminated to all prospective bidders.
- 5.1.4. Cancellation of ITBs
  - 5.1.4.1. The CPO may cancel an ITB when deemed to be in the best interests of the City.
  - 5.1.4.2. A notice of cancellation, signed by the CPO, shall be sent to all prospective bidders along with the bid bond, if any.
  - 5.1.4.3. A notice of cancellation shall be posted on the Strategic Procurement Division's (SPD's) website.
- 5.1.5. Submission of Bids
  - 5.1.5.1. Bidders are required to ensure that bids are delivered in accordance with the instructions set forth in the ITB.
- 5.1.6. Modification and Withdrawal of Bids
  - 5.1.6.1. Bidders may modify or withdraw their bids, provided notice is received by the contact person designated in the ITB not later than the exact time set for opening bids.
  - 5.1.6.2. A request to withdraw a bid must be made in writing to the contact person designated on the ITB. The contact person shall confirm the identity of the person requesting withdrawal before allowing withdrawal.
- 5.1.7. Addenda/Letters of Clarification (LOCs)
  - 5.1.7.1. The CPO may publish addenda or LOCs to respond to questions by prospective bidders to clarify specifications, or to extend bid submission deadlines. These communications will be posted on the SPD website to ensure that all interested parties receive the same information about the solicitation.
- 5.1.8. Notification of Award
  - 5.1.8.1. The successful bidder shall be issued a notice of award after City Council approves

the award.

## 5.2. Best Value Bids

5.2.1. When factors other than price are to be considered, the best value bid method may be appropriate. The ITB shall clearly indicate that the award will be made to the bidder that provides the best value for the City and shall identify the criteria that will be considered, such as:

5.2.1.1. Purchase price

5.2.1.2. Reputation of the bidder and of the bidder's goods or services

5.2.1.3. Quality of the bidder's goods or services

5.2.1.4. Extent to which the goods or services meet the City's needs

5.2.1.5. Bidder's past relationship with the City

5.2.1.6. Impact on the ability of the City to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities

5.2.1.7. Total long-term cost to the City to acquire the bidder's goods or services

5.2.1.8. Any relevant criteria specifically listed in the ITB

5.2.2. The ITB for best value bids shall be published in the same manner as ITBs for competitive sealed bids.

5.2.3. An evaluation committee of at least three members, who are selected in the same manner as an evaluation committee for a Request for Proposal (see AP 5-10), will evaluate the bids based on the criteria stated in the ITB.

5.2.4. Best value bids shall be opened in the same manner as competitive sealed bids.

5.2.5. Upon opening, the procurement representative shall determine if any bids are nonresponsive or nonresponsible. Any such bids shall not be considered by the evaluation committee.

5.2.6. The evaluation committee shall then convene to evaluate the bids, applying the criteria set out in the ITB. The lowest cost is not the determining factor.

5.2.7. The evaluation committee shall make a recommendation to the CPO for consideration of the responsive and responsible bidder offering the best value to the City. The CPO may then place the purchase on a City Council agenda for approval.

## 5.3. Reverse Auctions

5.3.1. SPD will develop an ITB that begins with a Request for Reverse Auction Qualifications to be published in the same manner as competitive sealed bids.

5.3.2. Interested bidders will submit their qualifications, which shall be opened in the same manner as competitive sealed bids.

- 5.3.3. The procurement representative shall review the bids and determine whether they are responsive and determine whether the bidder is responsible.
- 5.3.4. The procurement representative shall evaluate the responses and issue an invitation to participate to qualified bidders.
- 5.3.5. SPD shall provide for an online auction provider to conduct an auction. The online provider will notify approved bidders of the time and date of the auction event and schedule any necessary training.
- 5.3.6. At the auction, bidders will be able to view other offers and/or the ranking of offers, but will not view the identity of the other bidders. The procurement representative will be able to view the offers and the bidder's name.
- 5.3.7. At the conclusion of the auction, the procurement representative will, beginning with the low bidder, request any samples, insurance documents, product literature and other information. If these items are provided timely, the procurement representative will work with the user department to prepare the Request for Council Action (RCA) for City Council approval. If these items are not forthcoming, the procurement representative will move on to the next lowest bidder.

#### 5.4. Compliance

- 5.4.1. All employees through the department director shall comply with this policy from the date of approval. Violations of this policy may subject the offending employee to disciplinary action up to and including indefinite suspension/termination.

## 6. ROLES AND RESPONSIBILITIES

### 6.1. Strategic Procurement Division:

- 6.1.1. Upon receiving specifications or scope of work from the department, reviews documents, assembles the bid package and publishes the ITB.
- 6.1.2. Conducts a pre-bid conference when determined appropriate by the CPO.
- 6.1.3. Reviews bids and determines if they are responsive bids. Nonresponsive bids shall be rejected.
- 6.1.4. Tabulates the bids, determines the responsibility of the apparent low bidder, and communicates the results to user department.
- 6.1.5. Reviews department's recommendation and prepares the package for City Council approval.

### 6.2. Department Directors or Designees:

- 6.2.1. Prepare specifications for good or service to be obtained.
- 6.2.2. Identify funding source for purchase.
- 6.2.3. Work with SPD to prepare RCA and package for City Council approval.

### 6.3. Controller's Office:

- 6.3.1. Certifies funds are available for the purchase.

6.3.2. Ensures the contracting entity is not indebted to the City.

## 7. RELATED DOCUMENTS AND INFORMATION

This administrative policy supersedes Administrative Procedure 5-2, effective April 1, 2010, which shall be of no further force or effect. If the provisions of this policy conflict with any law, that law shall prevail.

## 8. POLICY SPONSOR

**Department:** Finance Department Strategic Procurement Division